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CURRENT INTELLIGENCE WEEKLY SUMMARY

State Department review
completed



CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

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CURRENT INTELLIGENCE WEEKLY SUMMARY

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THE WEEK IN BRIEF

PART I

OF IMMEDIATE INTEREST

KHRUSHCHEV AT THE UN GENERAL ASSEMBLY MEETING Page 1

Khrushchev devoted the final phase of his UN activities to an effort to restore disarmament and renewed East-West negotiations to the forefront of public attention. He called for a special UN session on disarmament next spring with heads of government in attendance and claimed that Prime Minister Macmillan had assured him of a new summit meeting on Berlin. The postponement of Khrushchev's visit to North Korea and his own admission that he stayed in New York longer than he expected provide additional evidence that one of his purposes in attending the General Assembly session was to strengthen his hand in dealing with the Chinese Communists. In view of the erosion of support for Nationalist China, many of the supporters of a moratorium believe this procedure would be doomed if presented in any future session. [REDACTED]

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REPUBLIC OF THE CONGO Page 4

The power struggle in Leopoldville remains stalemated, but army chief Mobutu is determined to arrest Lumumba. The situation is described as extremely tense, and use of force by Mobutu would bring him into conflict with the UN Command in Leopoldville. Meanwhile, Lumumba continues to enjoy the support of Ghana, Guinea, and the UAR. The situation in Katanga Province is becoming more serious as the tribal fighting against President Tshombé spreads throughout the central and northern regions of the province. [REDACTED]

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SITUATION IN LAOS Page 6

The peace talks between the Souvanna Phouma government and the Communist Pathet Lao which began in Vientiane on 11 October have been limited to a review of the "general situation" and the establishment of ground rules for future sessions. The Pathet Lao has taken two government outposts in Phong Saly Province and is reportedly operating throughout the southeastern part of the province in augmented strength. A four-man Soviet delegation is expected momentarily in Vientiane, presumably to complete the establishment of diplomatic relations between the USSR and Laos, and is likely to offer Souvanna economic assistance. [REDACTED]

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Argentine President Frondizi faces one of the most severe crises in his two and one half years in office as a result of the 11 October army demands to dismiss some of his advisers and modify some of his policies. These demands are widely varied, but center on the removal of advisers who favor an attempt to attract Peronista political support and moves to strengthen the national petroleum company. The crisis was eased somewhat following Frondizi's 12 October radio appeal for constitutional procedures, but new difficulties may result from negotiations with the powerful army commander in chief, Toranzo Montero, whom Frondizi dismissed but was apparently compelled to reinstate. [REDACTED]

BRAZILIAN POLITICAL OUTLOOK Page 2

Janio Quadros' victory in Brazil's 3 October presidential election will bring about the first basic shake-up in Brazil's administrative machinery since Vargas came to power in 1930. The new regime, sponsored by the traditional "out" parties, will probably lay heavy stress on its declared intention to "clean house" when it takes office on 31 January, but it is likely to retain most of the basic programs of the popular Kubitschek regime. Under Quadros, a temperamental and controversial personality, the government is likely to be even more aggressive than in the past in bargaining for US economic aid and may also seek broader ties with the Sino-Soviet bloc. [REDACTED]

CUBAN DEVELOPMENTS Page 3

Although growing counterrevolutionary violence in Cuba is symptomatic of opposition to Castro, it does not at this point seriously threaten his regime. The government is having difficulties operating the nationalized petroleum refineries. Soviet ships arriving on 1 and 9 October brought what are probably the second and third major shipments of Soviet bloc military equipment and more such ships are expected. The Cuban-Bulgarian trade agreement signed on 7 October was the seventh such agreement signed by Cuba this year with a Sino-Soviet bloc country. [REDACTED]

CHINESE AND SOVIET MILITARY THEORISTS DEBATE COEXISTENCE Page 5

Recent articles by military spokesmen have spelled out the military rationale underlying the different

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PART II (continued)

approaches of Moscow and Peiping to "peaceful coexistence." Moscow sees modern war as unacceptably destructive and therefore urges strategies which do not press the West to the point of armed retaliation. Peiping feels that the balance of military power has shifted so decisively in favor of the bloc that the Communists now can pursue more militant strategies than were feasible before the Soviet ICBM successes of 1957.

SOVIET MILITARY MANPOWER REDUCTION PROGRAM Page 6

Although some progress has been made in Khrushchev's program to reduce Soviet armed forces by 1,200,000 by 1961, the number of demobilized personnel thus far seems to be below what might have been expected. Problems of resettling discharges and morale among remaining service personnel, particularly officers, may have contributed to this apparent slowdown.

RACISM RISING AMONG AFRICANS IN SOUTH AFRICA Page 7

Although all African nationalist organizations in South Africa were dealt crippling blows by the Verwoerd government's repressive actions earlier this year, the moderate leaders of the African National Congress, which advocated equal rights for all races, apparently have suffered the greatest loss in prestige. The effectiveness of the Pan-Africanist Congress' demand for an "Africa for the Africans," with its appeal to racism, indicates that African nationalists may espouse racism to an increasing extent in the future. At the same time, this may lead to a weakening of the influence among Africans of the largely non-African local Communist party.

FRENCH COMMUNITY DEVELOPMENTS Page 8

The four French Community states associated in the Conseil de l'Entente--Ivory Coast, Upper Volta, Niger, and Dahomey--appear increasingly determined to assert the independence they gained last August. While ready to negotiate bilateral cooperation accords with Paris, the four states are unwilling to accept French direction of their coordinated foreign policies--especially on the Algerian issue--as the price for continued French economic aid. Moreover, they all regard the diversification of sources of foreign aid as politically necessary, and three of the states, which presently lack non-French resident diplomatic representatives, are extremely anxious to acquire them.

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PART II (continued)**PAKISTAN EXTENDS CONTROL OVER NORTHWEST FRONTIER BORDER AREAS Page 10**

The Pakistani Government apparently is exploiting its border trouble with Afghanistan to increase its presence in tribal areas on the Pakistani side of the frontier which traditionally have been autonomous. The government's action in deposing two tribal rulers will enable it to install more amenable leaders and to deploy security forces directly on the frontier. Some fighting apparently is continuing in various border zones, although on a smaller scale than previously. Elements of Pakistan's quasi-military security forces have been involved, but none of the regular army units being moved to the vicinity have been committed. [REDACTED]

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JAPANESE POLITICAL SITUATION Page 11

The Japanese Diet will convene on 17 October for an extraordinary session in expectation of lower house elections tentatively scheduled for 20 November. Prime Minister Ikeda plans for the session to deal with only perfunctory legislative business and quickly to announce dissolution of the Diet and a definite date for the elections. In planning no significant legislation for this final session, Ikeda presumably hopes the wave of early public enthusiasm for his cabinet will carry over to election time. The Socialists, however, will seek to prolong the session by exploiting popular emotional response to the assassination of Socialist party chairman Asanuma and by attacking the government on the rising price level and policy toward Communist China. [REDACTED]

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MIDDLE EAST DEVELOPMENTS Page 12

The UAR and Jordan are continuing their free-swinging propaganda battle, with Cairo accusing King Husayn's uncle of murdering a Syrian MIG-17 pilot who crash-landed in Jordanian territory. Syrian troops have so far not attempted to interfere with Israeli dredging work begun on 10 October south of the Banat Yaqub bridge in the Israeli-Syrian demilitarized zone. In Libya, the House of Deputies has sharply increased its pressure for replacement of the Kubar government. The situation in Oman is relatively quiet, but Omani rebel leaders in Saudi Arabia are continuing their efforts to train and equip an "Omani expeditionary force" for an eventual move to "liberate" the country from the rule of the British-backed Sultan of Muscat and Oman. [REDACTED]

RIGHTIST OPPOSITION TO DE GAULLE Page 15

Some French rightist opponents of De Gaulle's Algerian policy now seem to be bidding for broad foreign and domestic

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support by aligning themselves publicly with prominent individuals who are worried by De Gaulle's policies on NATO and supranational European institutions. Some of these rightists are linked with plots to overthrow the regime or efforts to reverse De Gaulle's policy of self-determination for Algeria. Meanwhile, De Gaulle is beginning to show concern that his middle-of-the-road policy may be imperiled by the increasing polarization of French opinion between proponents of a French Algeria and of an independent Algeria. [REDACTED]

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TENSIONS OVER BERLIN Page 15

Bonn's cancellation on 30 September of its 1961 inter-zonal trade agreement with East Germany has aroused serious misgivings among West German government and party leaders. Many view it as an ineffective countermeasure to the recent East German traffic restrictions in Berlin, and some fear that it will ultimately enhance the prestige of the East German regime by necessitating new trade negotiations on a government-to-government basis. There is also concern in Bonn over the evident unwillingness of other Western European nations to join in an economic embargo against East Germany. East Germany, which has shown some concern over the projected embargo, is trying to exploit these West German misgivings.

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BRITISH LABOR PARTY OUTLOOK Page 17

Despite Hugh Gaitskell's recent defeat on pro-NATO defense policies at the Labor party conference, he seems assured of enough support from the Labor members of Parliament, who are predominantly moderates, to retain the party leadership for at least the coming year. The conference intensified the party rift over policy and leadership, and the left wing will probably continue its agitation for unilateral nuclear disarmament by Britain. Labor's effectiveness as a parliamentary opposition will further decline. [REDACTED]

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FINNISH LABOR SCHISM Page 18

The expected formation later this fall of a new national labor federation controlled by regular Social Democrats will complete the breach within Finnish organized labor. Creation of a rival organization will in effect abandon the present federation to the dissident Social Democrats and the Communists and involve Finnish labor in a tug-of-war between the two politically oriented groups. Prospects for the new federation are uncertain in view of the relatively small membership it will begin with and the tendency of employers to favor dealing with the larger existing group. [REDACTED]

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PART III**PATTERNS AND PERSPECTIVES****CHINESE COMMUNIST INTEREST IN AFRICA Page 1**

Communist China, which has pledged support for all national independence movements, has directed particular attention toward Africa in this year of emerging African states. It has sought to enhance its prestige through propaganda, trade, economic assistance, and cultural ties. Having gained diplomatic recognition by five African states, Peiping has laid the groundwork for increasing its influence throughout the area.

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JAPANESE ACTIVITIES IN THE RYUKYU ISLANDS Page 6

The Japanese Government is moving quickly to carry out limited economic and technical assistance programs for the Ryukyus within a framework recently authorized by the US High Commissioner. Tokyo's stated immediate objective is to allay sentiment in Japan for reversion of the islands to Japanese control. There are some indications, however, that Tokyo is moving ahead of, rather than merely satisfying, popular Japanese desires for participation in Ryukyuan affairs, and that Tokyo is eager to broaden the basis for eventual assertion of its rights there.

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THE PERUVIAN-ECUADOREAN BOUNDARY DISPUTE Page 10

The new Ecuadorean Government's informal denunciation of the Rio Protocol of 1942, which provided for the settlement of the Peruvian-Ecuadorean boundary dispute, has revived the animosity between the two countries that led to an undeclared war in 1941. Although both Peru and Ecuador insist they will not resort to armed force except in self-defense, the dispute could provoke a series of frontier clashes. Latin American Communists, who are waging a continuing campaign to undermine the Organization of American States, will probably attempt to exploit the boundary dispute to create an atmosphere of violence around the 11th inter-American conference, now set for Quito in March 1961.

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PART I**OF IMMEDIATE INTEREST****KHRUSHCHEV AT THE UN GENERAL ASSEMBLY**

Khrushchev devoted the final phase of his UN activities to an effort to restore disarmament and renewed East-West negotiations to the forefront of public attention. On 11 October he wrote off the value of this UN session in dealing with disarmament and sought to blame the US elections for preventing the United States from taking "an active part in the discussion." Anticipating defeat of his proposal that disarmament should be discussed by the General Assembly itself rather than be referred to the Political Committee, Khrushchev called for a special session of the assembly next March or April in Europe to be attended by the heads of government and to deal only with disarmament.

In a second address on the same day, Khrushchev adopted an aggressive pose and warned that failure to reach agreement would lead to war. While disclaiming that he was serving an ultimatum to the assembly, Khrushchev reserved the right to withdraw from disarmament discussions in the UN Political Committee and urged the creation of a new 15-nation committee as Moscow has proposed. He indicated willingness to change his plan to return to Moscow on 13 October and remain in New York as long as necessary to reach a disarmament agreement.

Following Khrushchev's demand for a condemnation of the U-2 and RB-47 flights as the conditions for a meeting with President Eisenhower, the Soviet bloc abstained throughout the General Assembly voting on the

formal resolutions for a meeting sponsored by the neutralists and on the Western amendments. Khrushchev then told UN press correspondents on 7 October that Prime Minister Macmillan had assured him a summit meeting would take place after the US elections. In return, Khrushchev publicly reaffirmed the position he took after the abortive Paris summit meeting--that the status quo would be maintained in Berlin.

In a further move to justify his refusal to agree to a meeting with the President, Khrushchev alleged on a television program on 9 October that the US had planned a U-2 flight on the eve of his departure for the UN meeting, and claimed that only a strong warning had deterred the United States.

The Soviet premier also used his press conference with UN correspondents and his television interview to intensify his warnings of possible Soviet noncompliance with UN actions. He declared that even if 99 percent of the UN supported the secretary general, the USSR would not accept the decision and would "rely on its own strength" to uphold its position. He also confidently predicted that in such a situation the UN would "wither and die."

The political objective of Khrushchev's personal antics at the assembly, climaxed by a disruptive display during the 12 October debate on colonialism, was to demonstrate that without Soviet cooperation the UN's work

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becomes ineffective. As Khrushchev put it after his shoe-thumping performance, "It's the beginning of the end...it shows how shaky the UN is."

Sino-Soviet Relations

The postponement of Khrushchev's visit to North Korea, originally scheduled for early October, and his admission that he stayed in New York longer than expected strongly suggest that his performance has been calculated to strengthen his hand in dealing with the Chinese Communists. The apparent failure of a reported meeting between top Soviet and Chinese negotiators either to reach an accommodation of views or arrange for a further meeting with Khrushchev during his Korean trip probably increased his incentive to prolong the UN venture and obtain some results he could use to "prove" the success and correctness of his policies.

Soviet propaganda has stressed the close identity between Soviet proposals and the attitudes and desires of neutral states. At the same time, Soviet commentaries have attempted to portray the West as increasingly isolated. According to Moscow, the General Assembly vote on the Australian amendment calling for a four-power summit rather than on the neutralists' request for contacts between Khrushchev and the President was an "overwhelming defeat for the West." Bloc propagandists also assessed the results of the debate on the representation for Communist China as a Pyrrhic victory for the United States and its allies.

Khrushchev may have had the Chinese in mind when he told reporters, "He who believes that our efforts were

made in vain does not understand everything that goes on. We have sown good seeds here...."

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An additional factor in Khrushchev's decision to extend his stay may have been his hope that he could exploit the impact of a successful technological achievement such as a space flight.

East-West Issues

Khrushchev's four-week stay in New York yielded no important advances in Soviet positions on disarmament, Germany and Berlin, nuclear testing, or the general question of renewed contacts between East and West. Khrushchev clearly indicated that serious East-West talks will be deferred until a new administration takes office in Washington. In his second conversation with Prime Minister Macmillan, he acknowledged that Berlin negotiations at the summit would have to wait until a new American administration was firmly established, thus backing down from his insistence in their first meeting that a summit should be held in January.

Khrushchev has virtually ignored the negotiations on a nuclear test ban. Although

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Prime Minister Macmillan raised the issue, Khrushchev did not respond. At the talks in Geneva, the Soviet delegation adhered to its proposal for a four- to five-year moratorium on small underground tests, and termed a US proposal for a two-year moratorium unacceptable.

The Soviet chief delegate also reiterated the USSR's position that any action by the United States to conduct unilateral nuclear tests during a research program for improving detection techniques would be regarded as an indication that the US was resuming weapons tests, and the Soviet Union would consider itself free to resume testing. Izvestia repeated this warning on 8 October in an article charging the US with the intention of breaking up the talks as part of a campaign to prevent an improvement in East-West relations.

On the Berlin and German questions, Khrushchev's New York performance has been accompanied by an extensive diplomatic and propaganda campaign. Since the announcement on 30 September of Bonn's abrogation of the interzonal trade agreement, bloc moves against West Germany have been gradually increased and sharpened.

that the bloc countries would take measures to ensure their own security. Moscow and Warsaw then joined with East Germany and Czechoslovakia in a joint declaration appealing to all the wartime allies to prevent West German nuclear rearmament and press for the conclusion of a German peace treaty.

The well-coordinated campaign may be part of an effort to justify bloc countermeasures against Bonn. After playing down any suggestion of impending crisis on the Berlin issues, Pravda on 9 October reportedly took an unusually sharp line in claiming that the West German action in denouncing the trade pact was provocative and could lead to "a general war." At the same time, however, bloc comments have been careful to stress the probability of summit negotiations on Berlin.

Chinese UN Representation

The 8 October vote of the 15th UN General Assembly to uphold the moratorium on discussion of the Chinese representation issue emphasized the continuing erosion of support for Nationalist China. Forty-two nations voted for, 34 against, and 22 abstained, giving Taipei the slimmest margin since 1951.

On 6 October Poland dispatched to the NATO countries an aide-memoire intended to document charges of stepped-up West German militaristic and revanchist actions. At the same time, Moscow protested to the four powers against West German rearmament with nuclear weapons and warned

MORATORIUM ON CHINESE UN REPRESENTATION**VOTES OF UN MEMBERS**

	FOR	AGAINST	ABSTENTIONS	VOTES NOT RECORDED	TOTAL MEMBERSHIP
1951	37	11	4	8	60
1952	42	7	11	--	60
1953	44	10	2	4	60
1954	43	11	6	--	60
1955	42	12	6	--	60
1956	47	24	8	--	79
1957	48	27	6	1	82
1958	44	28	9	--	81
1959	44	29	9	--	82
1960	42	34	22	1	99

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None of the 16 newly admitted states supported the moratorium, and opposing votes were cast by three--Mali, Senegal, and Nigeria. Taipei also lost the support of Laos and Malaya, both of which abstained. Ethiopia and Cuba, which had abstained last year, voted against the moratorium.

Initially a few of the new African states planned to vote for the moratorium, but after the opening of the General Assembly session, a strong trend developed toward abstention and even opposition. Delegations which had previously indicated they would support it, later explained their abstention on

the ground that they could not break the unity of the new states. Even the abstentions were obtained with great difficulty by the West in view of the energetic campaign by the Soviet bloc and some neutralist members in behalf of Peiping's admission.

Following the balloting, various African delegates made public statements indicating that the abstentions were grudging and would not be repeated in the future. The general mood of many supporters of the moratorium after the voting was that the issue would be doomed if presented to any future session. 25X1

REPUBLIC OF THE CONGO

The power struggle in Leopoldville remains stalemated, but army chief Joseph Mobutu is determined to arrest Lumumba. His efforts have led to a very tense situation, and any implementation of his threats to use force would bring him into open conflict with the UN Command. On 12 October he reportedly had about 1,000 Congolese troops in the vicinity of Lumumba's residence.

His first effort to send a Congolese Army unit to arrest the former premier was frustrated by the UN guard--largely Ghanaian--at his official residence. Mobutu then demanded that the UN yield Lumumba, but was turned down on 11 October. A government spokesman then threatened a "nation wide uprising" if Lumumba were not surrendered. However, UN representative Dayal has stated

that Lumumba can be surrendered only if parliament withdraws his parliamentary immunity. Mobutu then charged the UN official with a "false interpretation" of Congolese law, and Dayal countered that the move to arrest Lumumba was a "trick" and not a proper solution to the Congo's problem.

Mobutu is likely to move slowly on any appeal to the populace because of Lumumba's demonstrated spellbinding capability. If Mobutu is dissuaded from using force, however, he may be prompted to reconvene parliament, whose members have lately been critical of Lumumba, in order to deprive the former premier of his legislative immunity.

Active support for Lumumba from Ghana, Guinea, and the UAR has counterbalanced to some extent the fall in Lumumba's

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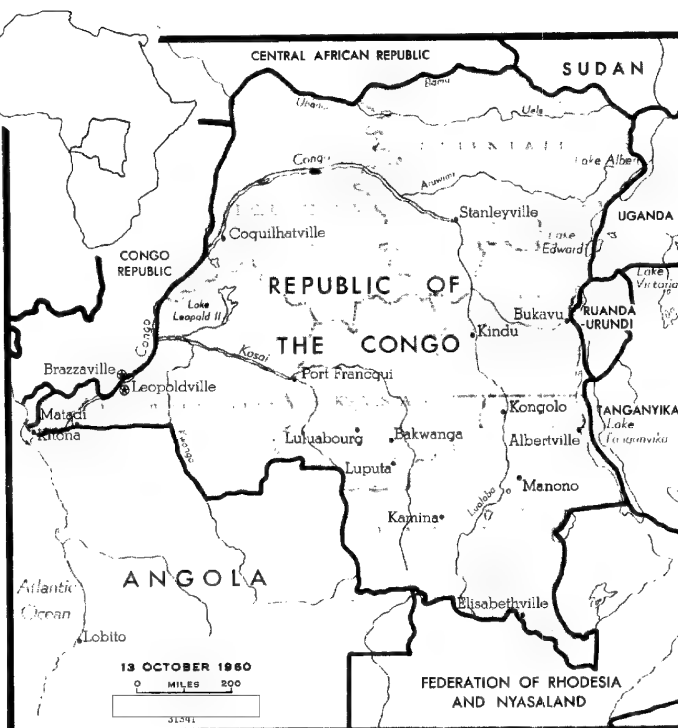
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domestic prestige. On 11 October, after Mobutu had set the first of several deadlines for the UN to surrender Lumumba, a Ghanaian-operated IL-18 turboprop aircraft loaded with about 60 Ghanaian troops took off from Accra, reportedly for the purpose of rescuing Lumumba from "house arrest" in Leopoldville and setting him up as head of a government-in-exile based in Accra. The plane turned back, allegedly because of bad weather, and the flight may have been for a routine troop rotation; a similar flight left Accra on 12 October.

While press attention is centered on the political situation in Leopoldville, the Congo's economic difficulties threaten to become overwhelming. The financial consultant for the Congo, who is working under UN auspices, has stated that a crisis will occur this week unless a coordinated salvage program is undertaken immediately. The government reportedly will be unable to meet its military and civilian payrolls on 15 October, which on the basis of past experience would lead to renewed disorder and chaos.

Recently, the director of the Congo Central Bank in Brus-

sels stated that the Congolese Government had requested its last line of credit and after that was exhausted--around 15



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October--the Congo would have no further funds. He noted, however, that it might be possible to permit further borrowing by raising the present debt ceiling.

At a recent meeting with Justin Bomboko, head of the technical commission forming the Congo's administration, the Congolese leader agreed that the government must act swiftly and without regard to constitutional limitations requiring parliamentary approval of

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international banking agreements. Bomboko on 11 October established a monetary council and promised to enter financial negotiations with Belgium to arrange the distribution of the assets of former semipublic Belgian corporations in the Congo.

Meanwhile, the situation in Katanga Province is also serious. Anti-Tshombé Baluba tribesmen appear to control large areas of northern and central Katanga and to have made numerous depredations against Europeans. Many officials in Elisabethville reportedly fear that this tribal guerrilla conflict with the

Katanga government now is entering a critical phase which could become a full-scale civil war. The widened scope of rebel activities suggests that some form of Baluba political organization is taking shape. President Tshombé has strongly criticized the UN Command for failing to give his troops a free hand in putting down the disorders.

Tshombé also seems to be under pressure from anti-Belgian elements within his Conakat party, and apparently as a result has lately attacked Brussels for failing to grant Katanga diplomatic recognition.

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SITUATION IN LAOS

Peace talks between the Souvanna Phouma government and the Pathet Lao began in Vientiane on 11 October. During the initial encounter, the government reportedly demanded a cessation of Pathet Lao guerrilla attacks, the restoration of Sam Neua Province to government control, and the rearming of government troops disarmed by the Pathet Lao after the fall of Sam Neua town in late September. The Pathet Lao proposed the integration of Pathet troops with Vientiane troops to fight General Phoumi and official action by the Souvanna government condemning Phoumi's Savannakhet Revolutionary Committee.

The Pathet proposals appear propagandistic in nature and will undoubtedly be aug-

mented in future sessions by a set of more specific demands bearing on the role the Pathets hope to play in the national political life. These may include reintegration of Pathet functionaries into the civil service, fixed territorial enclaves for Pathet troops, membership in Souvanna's government, and new national elections.

Souvanna has claimed to the American ambassador that he will break off the talks if the Pathet Lao rejects the preconditions for substantive talks enunciated in the first session. In any event, he states that he will attempt to string the negotiations out for as long as possible. The premier will be under considerable pressure, however, to reach a settlement. Captain Kong Le, in particular,

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province and that two government outposts have fallen. This activity is clearly designed to bring additional pressure on Souvanna to give the Pathet Lao what it wants in the Vientiane negotiations.

No discernible progress has been made in bringing about a reconciliation between Souvanna and General Phoumi or in repairing the related deep split in the Laotian Army. The King has in effect washed his hands of the problem, indicating to Ambassador Brown that, whatever his personal feelings, he was in no position to impose a settlement on the two sides. He stated that he would not form a new government unless Souvanna resigned or was forced out by the National Assembly. The King implied that

will be watching the course of the talks and may move to overthrow Souvanna if he precipitately breaks off the talks or takes too hard a line with the Pathet Lao.

Reports from Phong Saly Province indicate continued Pathet attacks on government outposts despite the nominal cease-fire supposedly obtaining in the area. The local Laotian Army commander reports that the Pathet Lao has considerably augmented its strength in the southeastern part of the

public opinion was running against Savannakhet and had been attracted by Souvanna's "illusory" offer of peace through negotiations with the Pathet Lao.

Phoumi's position was bolstered somewhat by another turnover in the military command structure in the Second Military Region, after which it was announced that the region had realigned itself with Savannakhet. On 28 September, the region had announced its support of Souvanna. The professed motive

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for the latest switch was concern over growing Pathet activity in Xieng Khouang Province. Pressure from Meo tribal groups was said to have played an important, if still somewhat obscure, role in the realignment. This development may tend to stiffen Phoumi's resistance to any new attempts by Souvanna to induce him to drop his opposition to the government.

A senior Laotian Foreign Ministry official has informed Ambassador Brown that a Soviet delegation will arrive in Laos on 13 October and will probably "not come empty-handed." The delegation reportedly will be

led by A. N. Abramov, the Soviet ambassador to Cambodia who will also be accredited to Laos. In addition to completing the establishment of diplomatic relations, the delegation will probably extend offers of aid to the Souvanna government. Recent Soviet propaganda commentary on the Laotian situation has emphasized the dire consequences of the Thai economic blockade and has accused the United States of "stifling" the legal government by suspending aid. Souvanna may be tempted to accept any Soviet offer of assistance as a means of widening his area of political maneuver.

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PART II**NOTES AND COMMENTS****ARGENTINE POLITICAL CRISIS**

Argentine President Frondizi faces one of the most severe crises in his two and one half years in office as a result of the 11 October army ultimatum to dismiss some of his advisers and to modify and "clarify" some of his policies. His skill in negotiating a reconciliation of his policies with the army demands will determine the continuance of his regime and of his petroleum and US-backed stabilization policies, which have been considered models for Latin America.

The army demands vary widely, but important among them are



FRONDIZI

the removal of advisers who favor wooing Peronista political support away from Peron and steps to strengthen the national petroleum company. A particular target is Rogelio Frigerio--now an "unofficial" but influential adviser. He helped negotiate Peronista support for Frondizi's election in February 1958 and, as a member of Frondizi's presidential staff, pressed for the adoption of the US-backed

stabilization program initiated in January 1959. The army, which forced Frigerio's ouster in May 1959, mistrusts Frigerio's economic advice as well as his own political ambitions in the future.

The army believes Frigerio encourages official help for "soft-core" Peronista labor leaders in union elections in an effort to attract support for Frondizi's Intransigent Radical party in the gubernatorial and congressional elections in March 1962. The Peronistas are still badly split, and those supporting Peron openly call for subversion.

Frondizi's petroleum policy of making contracts with foreign companies, mainly US, for aid in developing oil resources and his moves to reduce funds for the state oil company (YPF) have aroused fears of a sellout to foreigners. While major army spokesmen say they favor such foreign contracts, at the same time they wish to see YPF strengthened and made more efficient.

Other related demands of the army, which has had to repress Peronista and Communist terrorism for the past two years, include firmer anti-Communist measures, federal control over several provincial governments accused of Peronista or leftist leanings, and paradoxically a change in economic and financial policies to reduce state controls and opportunities for graft.

Frondizi's departure from his party's traditionally nationalist platform in the

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direction of free enterprise has caused him severe difficulties even within his own party, and there is widespread dissatisfaction over the austerity measures of the stabilization program. These complaints affect army attitudes. Highly respected retired General Pedro Aramburu, who helped oust Peron in 1955 and turned over power to Frondizi, stated on 11 October that "the army is a sounding box for all the unrest.... The country suffers from a profound moral and material crisis."

In a radio reply to the army's ultimatum, Frondizi strongly defended his policies and constitutional procedures as essential to economic and political recovery. This eased the situation somewhat, but new difficulties may result from negotiations with the powerful army commander in chief, General Carlos Toranzo Montero, whom Frondizi dismissed on 12 October, but was apparently compelled to reinstate.

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BRAZILIAN POLITICAL OUTLOOK

Janio Quadros' victory in Brazil's 3 October presidential election will bring about the first basic shake-up in Brazil's administrative machinery since Vargas came to power in 1930. The new regime, sponsored by the traditional "out" parties,



QUADROS

will probably lay heavy stress on its declared intention to "clean house" when it takes office on 31 January, but it is likely to retain most of the central programs of the popular Kubitschek regime. Under Quadros, a temperamental and controversial personality, the government is likely to be even

more aggressive than in the past in bargaining with the United States for economic aid and may also seek broader ties with the Sino-Soviet bloc.

During the campaign, Quadros refrained from direct attacks on Kubitschek's program and promised to continue its two distinctive features: rapid economic development and "Operation Pan America," a plan for a massive assault on underdevelopment in the hemisphere. Quadros also promised to control inflation and balance the budget without sacrificing development.

Quadros' restraint during the campaign and the wide margin of his victory have been attributed by some sources to a reported secret deal between him and Kubitschek. Kubitschek was ineligible to succeed himself but is believed eager to run again in 1965; he may therefore consider it an advantage to have his party out of power during the next five years.

Quadros will inherit far fewer problems than the outgoing regime did in 1956, but is likely to have difficulty measuring up to Kubitschek's

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extraordinary popularity and preventing a sense of letdown after the exuberant economic growth of the past five years. He will also face a serious balance-of-payments crisis--the deficit will probably be at least \$125,000,000 for 1960--a continuing coffee surplus, and strong pressure for wage increases that if granted would undermine this year's success in curbing the rate of inflation.

Quadros will also confront the problem of patching together a working majority in congress; the present body was elected in 1958 and will not be renewed until 1962. Some observers fear that Quadros' emotional instability may lead him to adopt ill-considered positions in attempting to deal with these problems.

Brazil's relations with the United States, which have been severely strained several times in the past few years--mainly over questions of eco-

nomic aid and trade policy--will probably be especially delicate during the early months of the Quadros administration. Quadros apparently shares the nearly unanimous Brazilian opinion that Washington has chosen to "discard"

BRAZIL
PRESIDENTIAL ELECTION OF 3 OCTOBER 1960
 UNOFFICIAL RETURNS APPROXIMATELY 90% COMPLETE

<u>CANDIDATE</u>	<u>VOTE</u>
QUADROS _____	5,081,638
LOTT _____	3,405,002
DE BARROS _____	2,101,356

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its former close ties with Brazil and at the same time refuses to recognize Brazil's claim to special status as an "emerging world power." Quadros has openly expressed admiration for the bargaining tactics of the neutral nations and has hinted broadly that during his projected pre-inaugural world tour, he will seek economic aid from all sources.

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CUBAN DEVELOPMENTS

The growing counterrevolutionary violence in Cuba, although symptomatic of increasing opposition, does not at this point seriously threaten the Castro regime. Counterrevolutionary groups are divided into mutually antagonistic factions and lack leaders with wide popular appeal. The recent capture of two guerrilla leaders and a number of their followers in the Escambray

Mountains of Las Villas Province is a sharp setback for the counterrevolutionaries. These men and others captured in Oriente Province were tried promptly. Sixteen, including one American, were executed on 13 October.

On the other hand, the escape on 8 October of 15 officers imprisoned since last November

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is an important psychological blow for the regime. These officers were associated with the popular anti-Communist Major Huber Matos, formerly a close associate of Fidel Castro's who was denigrated and jailed a year ago. They may eventually form the core of a fighting group with a genuine popular following.

In Oriente Province, where only a few of last week's small band of "invaders" remain at large, there are reports of defections by armed forces elements and militia personnel, who have apparently taken to the mountains for antigovernment guerrilla operations.

The Cuban petroleum industry, forced to shut down operations at the nationalized Esso refinery because of a shortage in the catalyst used in the refining process, received eight carloads of the material on 3 October from a company in the United States. Plans were made to reactivate the refinery, and a scheduled rationing of petroleum products was indefinitely postponed.

Cuba has received what are probably its second and third

major shipments of Soviet bloc military equipment, and further shipments are expected. The Soviet vessel Sergey Kirov began unloading at a small port some 38 miles west of Havana on 1 October.

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The Nikolay Burdenko arrived in Havana on 9 October, and there is strong evidence that it carried a large military cargo.

The Cuban-Bulgarian commercial agreement signed in Havana on 7 October was the seventh such agreement concluded by Cuba this year with a Sino-Soviet bloc country. Bulgaria agreed to buy at least 20,000 tons of Cuban sugar annually for the next five years and to increase its purchases of other Cuban products. A protocol on scientific and cultural cooperation was also signed, and the two countries agreed to establish diplomatic relations on the embassy level.

The US Embassy has received an unevaluated but plausible report on current thinking within high Cuban Communist circles. Communist leaders are said to estimate that Cuba will be subjected to military attack by the United States early next year. The Cuban Communists, who reportedly control 8,000 to 10,000 members of the militia, would have the mission of fighting to the end and causing the greatest possible chaos for as long as possible.

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CHINESE AND SOVIET MILITARY THEORISTS DEBATE COEXISTENCE

One of the USSR's most noted writers on military doctrine, Maj. Gen. Nikolay Talensky, presented in the October issue of the magazine International Life the most explicit discussion yet to appear in the Soviet press on the effects of modern war. He condemned as "harmful and inhuman" the idea --which he almost certainly imputes to the Chinese Communists--that war might be justified if it meant the end of capitalism on the grounds that another war, even if it were "local or limited" would be "nothing less than a prelude to a general rocket nuclear war." This, he implied, would result in unacceptable destruction to the USSR. Talensky said failure to see these dangers was harmful, whereas to see and then underestimate them was "criminal."

Talensky wrote that casualties in such a war in "the probable main theater"--North America and "almost all of Europe"--would run to "not less than 500 to 600 million"--some

three quarters of the population; this estimate was said to have been made "according to the most careful calculations" and did not include the effects of chemical and bacteriological weapons. He also said, "Immense territories will be poisoned by death-dealing doses of radiation." In a veiled jibe at the Chinese, Talensky said that "the most active and most cultured part of mankind" would thus disappear.

In presenting this argument, Talensky dismissed the point debated by Soviet military theorists in recent years that a mass surprise attack by any power could bring victory, arguing that retaliation would still destroy all the vital centers of the attacker.

Talensky argued that the bloc cannot afford to adopt policies which run a serious risk of even limited war. He explained to the Chinese that with the advent of the nuclear age, it is necessary to update Marxism-Leninism to include the dogma of noninevitability (avoidance) of war and to stress the necessity of "peaceful coexistence."

The article was reviewed by TASS on 30 September, presumably to give it more publicity and emphasis. Within a week the Chinese Communists restated their viewpoint. Articles in People's Daily on 6 and 7 October by General Fu Chung, a deputy director of the Political Department of the Chinese Communist Army, described

ON LIMITED WAR...

Nikolay Talensky: "...local and limited wars in contemporary conditions will be nothing less than a prelude to a general, rocket-nuclear war...."

Fu Chung: "As to the actual war, when, where, with whom, and on what scale it is to be carried out... is a matter of contingency."

"Local wars have not ceased in the 15 years since the end of World War II...."

ON GLOBAL, NUCLEAR WAR...

Nikolay Talensky: "The population of the world as a result of a new global war would, in the first analysis, be cut in half; and it would be the most active, capable, and cultured part of mankind that would be killed. One should not forget, too, that in this case the material-technical base of life of the people would be destroyed also. Thermonuclear weapons would destroy factories and plants, burn fields and orchards, wipe out means of communications and transport, almost all houses, hospitals.... This would mean that human society would be thrown backward and its path to Communism immeasurably lengthened."

Fu Chung: "If the imperialists lose all human qualities and launch a nuclear war, we will not fear them."

"The outcome of any future war is not dependent on either missiles or atomic bombs. It is dependent on men."

"Atomic bombs could by no means destroy the human race. This is acknowledged even by some bourgeois militarists. History will soon prove that atomic bombs do not conquer people, but, contrarily, people conquer atomic bombs."

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as a "naive illusion" the view that wars can be avoided while the class system exists. In his view, limited wars in particular are inevitable--a rationale perhaps in part offered to justify hostilities to "liberate" Taiwan.

On the question of global wars, he conceded the possibility that they could be avoided, but he did not accept the Soviet view that general war is a receding possibility. He reaffirmed Mao Tse-tung's views that "atomic bombs could by no means destroy the human race" and that the outcome of a future war would depend on men and not atomic bombs. These have long been fundamental contentions of the Chinese, who look to their 650,000,000 popu-

lation, their communes, and particularly to their 200,000,000-man militia, for the survival of Communist China in a nuclear war.

General Fu's articles were in the form of a commentary on the publication of a new volume of Mao Tse-tung's writings on the Chinese Communist revolution and as such are intended to carry great weight. The commentary amounts to an unequivocal disparagement of the USSR's cautious approach to war. Peiping thus still attempts to force on the bloc what Moscow regards as a high-risk strategy and does not accept that the world Communist program should be limited by rigid adherence to the coexistence line. 25X1

SOVIET MILITARY MANPOWER REDUCTION PROGRAM

The program to reduce Soviet military manpower by 1,200,000 by the end of 1961 appears to be continuing, but plans apparently are encountering difficulties, and a recent unconfirmed report indicates that initial demobilization goals have been scaled down.

Articles began to appear in the press, shortly after Khrushchev's announcement of the program on 14 January, praising the "socialist devotion" of discharged servicemen who had volunteered to go to various

remote areas of the Soviet Union. The local inhabitants were preparing to receive them with open arms, according to the accounts, and special attention was devoted to the important jobs they could take over in their new homes.

The program envisages movement of released personnel into frontier areas suffering local labor shortages and lacking the amenities of modern, urban society. Recruitment apparently was to be on a voluntary basis, and "agitation" was

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begun to get volunteers to go to the New Lands.

There is some evidence that the number of such volunteers has been less than the regime hoped for. Several press articles have criticized the failure of some unit commanders to "take the most elementary steps" to induce their men to serve on the frontier. In the staged demobilization of a heavy tank division in Belorussia, observed by Western correspondents early this summer, the contingent of volunteers which entrained at Osipovich for the New Lands appears to have been but a minor part of the command; the others evidently either returned to their home villages or went to Moscow. The capital city is doubtless the goal of many.

Poor planning and administration of the resettlement program is also indicated by reports of friction between volunteers and the local population, probably occasioned by competition for housing and other scarce facilities. Various press articles have castigated the inhabitants of some areas for an "inhospitable attitude" and even for "cheating the ex-servicemen" out of their rights."

Disgust at such developments has evidently caused some volunteers to leave the areas to

which they were sent and "shamelessly run home." Others, chiefly officers, have been visiting several localities before choosing one or perhaps rejecting all.

Aside from difficulties associated with absorption of the released personnel into the civilian economy, there are serious problems affecting the morale of career officers. According to the original plan, 250,000 of the discharges were to be officers, who, unlike the draftee enlisted men, have a vested interest in a military life that provides them with security and status. Recognizing this, the government has made a great effort to reassure vulnerable officers, sending high officials to meet them and promising aid for resettlement. Nevertheless, there are numerous indications of great and continuing concern among officers. Selections of officers to be retained may also injure morale by arousing suspicion of favoritism.

The effect on the morale of promising junior officers whom the government would wish to retain in service will suffer as a result of the doubts as to the security offered by a military career. There have been hints of this in two recent Red Star articles describing the "rehabilitation" of young officers who had "rashly" resigned their commissions.

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RACISM RISING AMONG AFRICANS IN SOUTH AFRICA

Although both the African National Congress (ANC) and the Pan-Africanist Congress (PAC)--the two leading African nationalist bodies in South Africa--

were dealt crippling blows by the Verwoerd government's repressive actions following civil disturbances last March, the moderates of the ANC apparently

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suffered the greater loss in prestige.

African leaders reportedly were impressed by the effectiveness of the PAC's demand for an "Africa for the Africans," with its implied appeal to racism, in contrast to the ANC's cautious advocacy of equal rights for all races. They also believe that ANC President Luthuli was outmaneuvered by the PAC's aggressive campaign and that the ANC leaders then bungled in their effort to recover the initiative. As a result the PAC has emerged with an enhanced reputation for energetic action, while the indecisive leadership of Luthuli has been discredited.

The PAC's success derived from the emotional appeal of its program rather than from any organizational strength, as the imprisonment of its leaders appears to have destroyed what little organization it had. PAC President Robert Sobukwe remains a popular hero; however, it is questionable whether his popularity will survive his absence during his present three-year jail term. Nonetheless, it seems likely that the racist appeal of Sobukwe's aggressive program will be copied by other black South African nationalists to an increasing extent in the future.

Such a trend is evident in reported attempts to foment unrest in rural African reserves, and in increased aggressiveness among activists within the ANC. The ANC's "leftist" faction has long been dissatisfied with Luthuli's moderate approach, and, with some members defecting to the PAC, those militants who retain some freedom of action are attempting to establish a reputation for strong leadership.

Shortly after the state of emergency in South Africa was lifted on 31 August, one such militant stated, "If we are arrested again, let's go to jail fighting, not doing nothing."

The ANC's leftist militants will be hampered in their competition with the PAC by their long history of association with the clandestine South Africa Communist party. South African Communists, most of them white or



Indian, have become influential in the nonwhite movement through their organizational abilities, and the ANC's "nonracial" platform was designed in part to protect these key Communists from African racism.

With the growth of militant African sentiment, however, looking to such African states as Ghana for organizational support, Africans may tend to reject organizations and individuals that have become associated with a "European" ideology. The few black African Communists in South Africa may therefore break at least their overt ties with the party.

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FRENCH COMMUNITY DEVELOPMENTS

The four French Community states associated in the cooperative Conseil de l'Entente--Ivory Coast, Upper Volta, Niger,

and Dahomey--appear increasingly determined to assert the independence they gained last August. While ready now to negotiate

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bilateral cooperation accords with Paris, the four states are unwilling to accept French direction of their coordinated foreign policies as the price for continued French economic aid.

Hamani Diori, President of Niger and, for this year, of the Entente as well, told the American chargé at Abidjan, who is

the UN even if threatened with the loss of much-needed French assistance.

Diori also revealed to the chargé that he was thinking of requesting the withdrawal of French military elements now stationed in northern Niger. He appeared to link them with incidents which he alleged occur almost daily along the Niger-Algerian frontier as a result of attempts by "a few stupid French" to incite nomadic Tuareg tribesmen to "stay with France" by going to Algeria.

Viewed in conjunction with a recent report of similar contacts between Tuaregs and French army officers in neighboring Mali, Diori's allegation suggests that the French have recently stepped up their efforts to secure the southern approaches to Algeria.

The clash between rebel guerrillas and French troops which occurred late last month in the heart of the Algerian Sahara near In Salah has undoubtedly added strong impetus to such efforts.

Since becoming independent, the Entente states have indicated that, for political as well as economic reasons, they desire to obtain economic aid from other countries besides France, especially from the United States. Moreover, three of the states--Niger, Upper Volta, and Dahomey--which presently lack non-French resident diplomatic representatives, are extremely anxious to obtain them. In both cases the feelings of Entente leaders are so strong that they are probably prepared to turn to the Sino-Soviet bloc--despite a wariness of involvement with Communist countries--if other Western nations do not act promptly to fulfill their desires for enhanced international status.



accredited to all four states, in late September that Niger and its partners would begin negotiations with France in mid-October for diplomatic, military, technical, and other bilateral agreements. Unlike the other seven Community states which have gained their "international sovereignty" so far, the Entente states were unwilling, despite their previous pro-French orientation, to negotiate such accords before being admitted to the UN, a goal attained on 20 September.

Although he expressed confidence in the outcome of these negotiations, Diori pointedly stated that his government would not accept any French aid conditioned on Niger's following French direction in foreign affairs, "such as voting for France on the Algerian question." Ivory Coast President Houphouet-Boigny--creator and dominant personality of the Entente--and Upper Volta President Yameogo have also indicated recently that their states would not support France on the Algerian issue at

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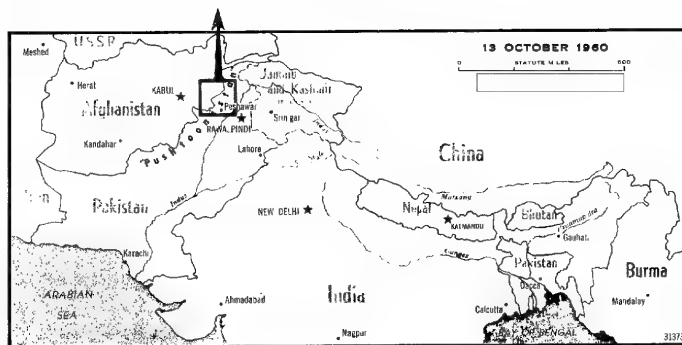
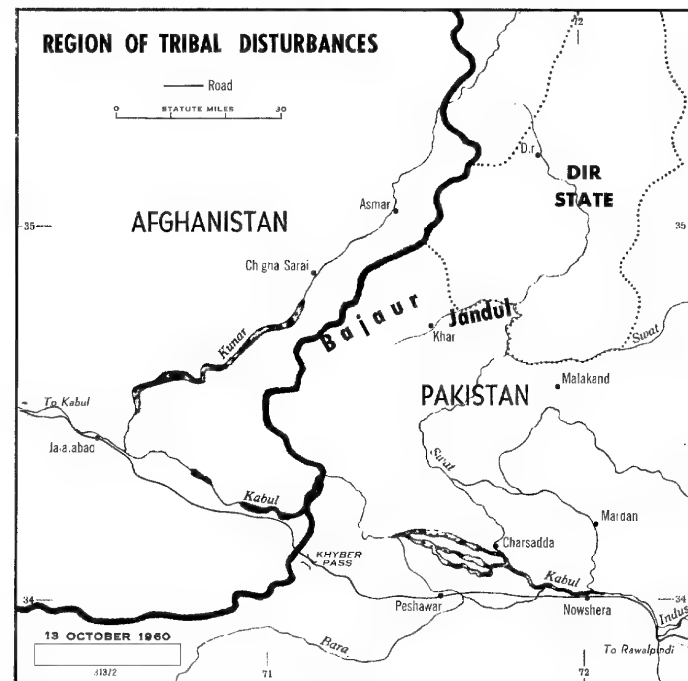
SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****13 October 1960****PAKISTAN EXTENDS CONTROL OVER NORTHWEST FRONTIER AREAS**

The Pakistani Government apparently is exploiting its present border trouble with Afghanistan to increase its presence in its frontier tribal

but has had to go slow in view of the Pushtoon tribesmen's historic resistance to outside authority.

Foreign Minister Qadir announced on 8 October that the Nawab of Dir, hereditary ruler of a tribal state bordering Afghanistan north of the Khyber Pass, had been arrested along with the Khan of Jandul, the Nawab's son and ruler of a small tribal region just to the south of Dir. Qadir explained that the arrests were made following "many accusations of double-dealing" against the Pushtoon leaders "by people and leaders of the tribal areas who were engaged in heroic efforts to repel Afghan tribesmen." The Nawab reportedly had appealed to Kabul in September for help against rival tribal elements seeking, possibly with the support of the Pakistani authorities, to overthrow his regime.

Rawalpindi probably felt the recent Afghan incursions provided a pretext to intervene and install an amenable ruler. It probably was also motivated by a desire



areas which have traditionally enjoyed considerable autonomy. Rawalpindi has long wanted to bring these isolated mountain areas along the Durand line--the old boundary between Afghanistan and British India--under its regular local administration,

to position border security forces directly on the Durand line, thereby enabling it for the first time to control contacts between tribal groups in this region living on both sides of the frontier.

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Rawalpindi's strong-arm action in deposing the Nawab of Dir probably will arouse considerable resentment among his tribes and may lead them to resist forcibly the government's attempts to extend its control over the region. Rawalpindi, however, has named another of the Nawab's sons to succeed him, apparently having decided not to abolish the tribal dynasty or to bring the state under West Pakistan's administrative system, as it is attempting to do with other tribal regions along the frontier.

Some fighting apparently is continuing in the Afghan-Pakistani border zone, although on a smaller scale than in September. Despite reports from Kabul that Pakistani "troops" have been involved, there is still no evidence that Rawalpindi has committed regular army forces. Units of the quasi-military border security forces have, however, been moved into the troubled Bajaur area and reportedly have been engaged in some clashes.

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JAPANESE POLITICAL SITUATION

The Japanese Diet will convene on 17 October for an extraordinary session, its first under the Ikeda government, and what will probably be a brief but stormy launching



IKEDA

and Finance Minister Mizuta, are scheduled to deliver major policy speeches in which they probably will reiterate the Liberal Democratic party's (LDP) platform pledges of close cooperation with the free world, tax reductions, and expanded welfare services. This platform and the public revulsion against leftist excesses in the May-June demonstrations appear to have been major reasons for LDP victories in four gubernatorial elections since early July as well as for the strong conservative showing in a recent series of public opinion polls.

Ikeda does not plan any significant legislative action at this session, presumably on the assumption that the wave of early popular enthusiasm for his cabinet will carry over to election time. He hopes to dissolve the Diet well before the end of October.

of the final phase of the campaign for lower house elections, tentatively set for 20 November.

Prime Minister Ikeda and his principal cabinet ministers, including Foreign Minister Kosaka

The Socialists probably will strive to prolong the session while seeking a new approach for attacking the government. The Japanese Socialist party (JSP) until recently has

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lacked an issue to exploit, but may have found one in the recent marked rise in consumer prices, which had been relatively constant since 1953. The price rise, although not yet a serious liability to Ikeda, does underline contentions by the Socialists and many Japanese financiers that Ikeda's expansionist economic program will create a serious inflationary problem. The government has announced a four-point program to counter the increase.

Communist China's strong-propaganda attacks on Ikeda on 11 October ended Peiping's hopeful waiting for a less "hostile" policy from the new Japanese prime minister. Obviously intended to assist the Japanese Socialists in the elections, Peiping's move may backfire as in the elections of May 1958.

Nevertheless, the current two-week visit of Tatsunosuke Takasaki, a second-line conservative leader, to Communist China could also prove untimely for the Ikeda government. Although Takasaki failed to obtain governmental endorsement for his trip, which is intended to explore means for solving Sino-Japanese differences, he favors a more liberal policy than Ikeda toward Peiping and could play into Socialist hands by causing difficulties in Tokyo's efforts to hold the line against Peiping's terms for a full-scale resumption of trade.

The most immediate effect of the assassination of Social-

ist party chairman Asanuma on 12 October probably will be on the JSP itself. Asanuma, who was the symbol of the JSP's anti-American, pro-Communist orientation, recently had been attempting to retreat to a more neutral position in the wake of adverse public reaction to Socialist extremism in the May-June crisis. Strong opposition by intraparty elements and the Sohyo labor federation to any retrenchment may result in a struggle in naming a new party chairman.

The Socialists have intimated that Asanuma's assassination was a calculated plot and will use the incident in an effort to develop a sympathy vote in the elections. However, there is no indication of conservative involvement or sign as yet that it will significantly affect the elections.

For the Democratic Socialist party (DSP), caught in the middle with a moderate but nebulous program, the forthcoming election is critical. Informed observers believe that unless the DSP adds substantially to its 40 seats in the lower house, it cannot survive. They believe further that if the party does increase its strength, which is not at all certain, it will probably do so at the expense of the Socialists in the form of a protest against the JSP's extremism.

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MIDDLE EAST DEVELOPMENTS**UAR-Jordan**

Cairo and Damascus radios are continuing their intensive attacks on the Jordanian Government for its responsibility in the alleged murder of a Syrian MIG-17 pilot following a forced landing in Jordan. The UAR's Middle East News Agency accuses

Sharif Nasir, King Husayn's uncle, of being the murderer. Heavy coverage was given the pilot's funeral in Damascus after Jordan returned his body to Syria. The "martyr" has been promoted posthumously to flight captain and eulogized in a ceremony at Cairo University, and a book about him is to be

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published. Jordan continues to assert that he committed suicide.

The uproar over this issue appears to have returned the propaganda initiative to the UAR, which had been at a disadvantage in propaganda exchanges with Jordan since the assassination of Jordanian Prime Minister Majalli. King Husayn's allegation before the UN General Assembly that the UAR had a role in Majalli's assassination apparently angered Nasir, who in a homecoming statement in Cairo castigated Husayn as a Zionist tool. The UAR has sent a note to the Arab League secretariat protesting the King's speech.

The UAR may also step up its subversive activities against the Jordanian regime. Meanwhile, among Jordan's troops deployed in the border area, the prolonged idleness and restrictions imposed on home leaves reportedly are contributing to a drop in morale.

Israel-UAR

On 10 October, after a week's postponement apparently at the request of UN Secretary General Hammarskjold, Israel began dredging 300 meters of the Jordan River channel south of the Banat Yaqub bridge in the Israeli-Syrian demilitarized zone. The work has the approval of the UN chairman of the Mixed Armistice Commission, but the UAR objects, believing--despite Israeli claims to the contrary--that the dredging operations

are part of a plan for ultimate diversion of the river.

Syrian troops in positions which overlook the river have thus far not tried to stop the Israelis. The situation still contains dangerous elements, however, and the UAR, to forestall criticism by Jordan and possibly other Arab states, may still feel compelled to take some action.

Libya

King Idris is under strong pressure to replace Prime Minister Kubar and other cabinet members as a result of new manifestations of public and parliamentary disapproval of corruption in the government. After hearing speeches by opposition deputies in its meetings on 3 and 6 October, the House of Deputies on 10 October passed by an overwhelming vote a resolution demanding cancellation of the government's Fezzan Road contract and calling for investigation of the scandal by a parliamentary committee.

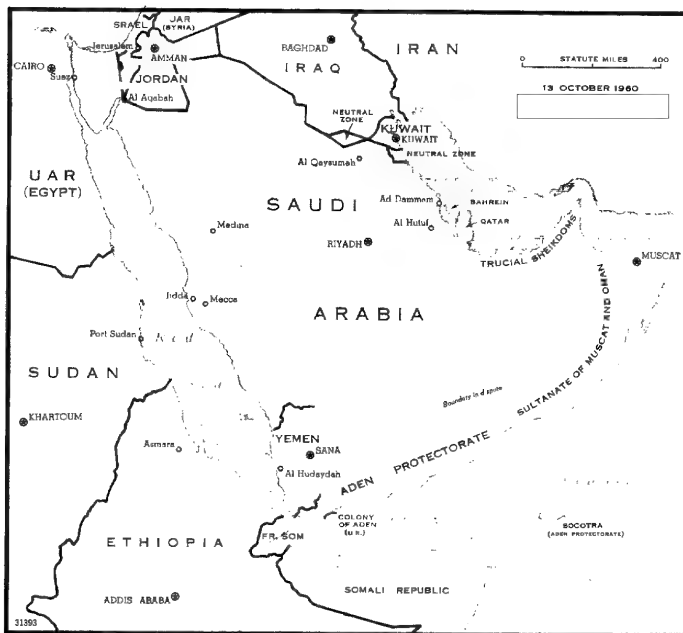
A majority of the deputies went further by backing a resolution for a vote of no confidence; in line with Libyan constitutional procedures, this question will be debated at a subsequent session scheduled for 18 October. In the 10 October meeting, 20 deputies spoke against the government and against Abdullah Abid Sanussi, whose company holds the road contract. The government put up no defense; at one point, when Kubar attempted to speak, he was ruled out of order.

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If the King ignores Parliament or orders it dissolved and continues support of Kubar, he will risk a further build-up of antigovernment pressures

other hand, the rebels are gradually augmenting and training a force of several hundred.



Offices of the "Imamate of Oman" in Cairo and Damascus have stepped up their publication of propaganda booklets; their handouts get frequent play in the radio and press of the UAR, Iraq, and Saudi Arabia; and they are pressing for increased support from all the Arab states.

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Meanwhile, the British, hoping to avoid again becoming involved in a major military operation against the rebels, have moved both to strengthen the Sultan and to maintain clandestine contacts with rebel leaders. London

endangering the monarchy itself.

Oman

Omani rebel leaders, with headquarters in Damman on the Saudi Arabian Persian Gulf Coast, are continuing their efforts to train and equip an "Omani expeditionary force" which could eventually return to "liberate" the country from the rule of the British-backed Sultan of Muscat and Oman. Although the rebels are still able to smuggle occasional shipments of weapons through to their supporters in inner Oman, sniping and mining activities there have diminished in recent weeks. In Saudi Arabia, on the

has little hope that these negotiations will result in a settlement in the foreseeable future but considers them useful to occupy the rebels. British forces continue coastal patrols against smuggling and periodic military exercises in the interior to intimidate the rebels.

Over the long term, however, the British emphasize they expect to win support for the Sultan through implementation of a development program. London recently agreed to provide nearly \$3,500,000 in capital costs for the Sultan's army and air force, \$784,000 in capital costs for development, and a recurrent annual subsidy of \$3,780,000, which is more than double the previous subsidy.

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RIGHTIST OPPOSITION TO DE GAULLE

Some French rightist opponents of De Gaulle's Algerian policy now seem to be bidding for broad foreign and domestic support by aligning themselves publicly with prominent individuals who are worried by De Gaulle's policies on NATO and supranational European institutions. Some of these rightists are linked with plots to overthrow the regime or efforts to reverse De Gaulle's policy of self-determination for Algeria.

The willingness of many strongly nationalistic deputies to join in criticism of De Gaulle's proposal for a French nuclear striking force suggests that their antipathy to his Algerian program is leading them to try to rally the broadest possible opposition to the government. Jacques Soustelle recently called publicly for more integration of NATO forces as part of his over-all program in opposition to De Gaulle. He and his friends have previously said privately that the successor regime they envisage would be a much firmer US ally than De Gaulle.

De Gaulle seems to be unusually concerned over the way French public opinion on Algeria seems to be drifting toward two antithetical views--one favoring outright independence--the other calling for integration with France. His pointed public references to them during his recent provincial tour indicates his fear that they are handicapping his self-determination policy.

This polarization, evidenced by leftist manifestoes and rightist countermanifestoes directed toward French youth, will undoubtedly be accelerated by the demonstrations which both Communist and non-Communist student organizations are planning later this month in protest against the Algerian war. Some elements among the students are talking of a "bloody showdown," and rightist toughs can be expected to reciprocate.

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TENSIONS OVER BERLIN

West Germany's cancellation on 30 September of its 1961 interzonal trade agreement with East Germany has aroused serious misgivings among government and

party leaders in Bonn. Many officials and Bundestag members view the cancellation as an ineffective countermeasure to the recent East German traffic

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restrictions in Berlin and fear that it ultimately will enhance the prestige of the East German regime by necessitating new trade negotiations on a government-to-government basis.

Bonn apparently is retreating a little from its trade pact decision and feels somewhat defensive about it. Chancellor Adenauer is reported to have told members of his Christian Democratic party (CDU) that he was maneuvered into the move by the Western Allies. He added, however, that although the action might lead to an improvement of the international status of East Germany, Bonn could not afford to leave the whole burden of taking countermeasures to the Allies.

West Berlin Mayor Willy Brandt is said to view the trade pact cancellation as of doubtful value and sees no possibility of effective Western action to prevent a further deterioration of the situation in Berlin. He stated that if Adenauer desired to relieve the Allies of some of their burden, he should have moved to establish closer ties with the Berlin government. This could have been done by treating traffic to and from West Berlin as actually traffic between two parts of the Federal Republic, any interruption of which would have resulted in Bonn's cutting all East German transit traffic in West Germany, including the use of the ports of Hamburg and Bremen.

Foreign Minister von Brentano

stated,

"These other Allies have grown tired of the Berlin issue." American Ambassador Whitney reported after an interview on 7 October that Macmillan believes the pressures on Berlin are not

serious at present; the ambassador inferred that Britain was not willing to apply any economic sanctions at this time.

Belgian banks on 11 October agreed to extend a five-year credit of \$8,000,000 to East Germany, with a possible future increase to \$12,000,000. Belgium, which has lost sizable markets in the Congo and believes that its NATO allies have not supported it there, will probably not be influenced by West German protests.

East Germany appears to be attempting to exploit a number of these West German misgivings on the trade agreement issue. In an article on 9 October in Neues Deutschland, Foreign Trade Minister Rau declared that any new agreement would have to reflect the legal and factual situation, suggesting that East Germany will attempt to secure the reopening of negotiations on at least the Foreign Trade Ministry level. Moreover, in a Leipziger Volkszeitung article of 11 October, Rau contended--in an obvious attempt to appeal to Western businessmen and neutralists--that any attempt to impose an embargo on the bloc countries would be "madness," since the bloc would then develop its own production and become a competitor of Western businessmen.

Both Rau and Premier Grotewohl have strongly asserted that Bonn's measures--if implemented--would at most have only a temporary adverse effect on the regime's economy, evidently in an effort to allay the reported fears of East German foreign trade and planning officials who hold contrary views. Nevertheless, they have also recently called for special efforts by East German enterprises to expand production, which suggests that the regime is less confident of its ability to stand up to a West German embargo than public statements allege.

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In an apparent move to assert its claim that West Berlin is "in its territory," the East German regime since 2 October has ceased to issue transit permits for certain shipments from bloc countries to West Berlin. The regime on 12 October announced that, under a ruling not hitherto known to exist, it reserves the right to refuse permits "only if similar goods of equal quality, offered by East Germany, were rejected by the West Berlin authorities as an act of sabotage against intra-German trade." Although West Berlin obtains only 1.4 percent of its total imports from the bloc, the East German action is designed to underline the regime's ability to isolate

West Berlin without further notice.

Meanwhile, West Berlin officials are concerned with the recent increase in the number of East Berliners and East Germans who work in the Western sectors of Berlin. The increase of more than 6,000 since 30 June 1960--for a total of almost 50,000--seems to be in response to abundant work opportunities rather than deliberate Communist political infiltration. Berlin officials have privately warned West Berlin manufacturers of the risks they incur by permitting themselves to become dependent on East German labor.

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BRITISH LABOR PARTY OUTLOOK

British Labor party leader Hugh Gaitskell seems in no immediate danger of losing his position despite his major defeat on 5 October on defense policies at the Labor party conference. Because some 80 percent of the local Labor constituency representatives--the political arm of the Labor movement--endorsed his pro-NATO policies at the conference, Gaitskell will probably be re-elected by a fairly large majority when the 255 Labor members of Parliament--who are predominantly moderates--organize for the beginning of the new session early in November.

Faced with this endorsement, the left-wingers led by the transport workers' Frank Cousins' are likely to continue their agitation for unilateral nuclear disarmament by Britain but will bide their time on trying to oust Gaitskell. Their representation in the top party hierarchy has been increased by the election at the confer-

ence of Harry Nicholas, Cousin's principal union assistant, as party treasurer.

In the vote for new members of the party's powerful 25-member National Executive Committee, two moderates were replaced by proponents of unilateral disarmament. Chairmanship of the committee goes this year by rotation to leftist-inclined Richard Crossman, whom Gaitskell dropped from the "shadow" cabinet last spring for his opposition to the party's official defense statement.

Gaitskell's tenure as party leader depends largely on the absence of any immediate alternative and will continue to be precarious. His longer range prospects will depend on the positions taken by such moderates as George Brown and James Callaghan, who generally support Gaitskell but feel that his leadership has been a major factor in the party's decline. Gaitskell's chances may also be affected by the tactical moves of "shadow" chancellor of the Exchequer

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Harold Wilson, the leading contender for election to Aneurin Bevan's former position as deputy leader of the party in Parliament. Now the favorite of the left wing, Wilson may try to broaden his support so that he can seriously challenge Gait-skill some time in the future.

The radicals' success in getting the conference to administer the first major rebuff to the party leaders in the postwar period will stimulate their heretofore futile campaign to capture the Labor party organization. The resultant strife will further limit Labor's effectiveness as a parliamentary opposition.

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FINNISH LABOR SCHISM

The expected formation later this fall of a new national labor federation will complete the breach in Finnish organized labor. The regular Social Democrats plan to form the new federation to rival the Finnish Confederation of Trade Unions (SAK), now controlled by a coalition of dissident Social Democrats (Skogists) and Communists. Last May, after the Skogists and Communists had gained control of the SAK executive committee, the regular Social Democratic chairman resigned, and other party regulars have since been replaced by Skogists in almost all the confederation's executive posts.

Creation of the new organization will lead to labor unrest, because the two politically oriented federations will be competing in most branches of the labor market. The Social Democratic organization will initially be handicapped by its relatively small membership--perhaps 50,000-75,000 members, as compared with the 150,000-200,000 expected to remain in SAK. Employers, although probably more sympathetic politically to the new confederation, prefer to deal with a strong central labor organization. To be prepared for the wage contract negotiations this fall, the regular Social Democrats

plan soon to announce formation of the new organization in the hope of affiliating immediately a number of the unions already out of SAK. A formal assembly of the members will not take place before late December.

The Skogist leaders in SAK depend on support from the Communists, who have so far remained in the background and have not fought Skogist moves blocking them from executive posts. At the same time, they are consolidating their position by refusing to agree to admit additional unions which might strengthen the position of the Skogists. The Communists probably expect that the steady withdrawal of Social Democratic unions will inevitably result in shifting the balance of power in their favor.

Finland's relations with the International Confederation of Free Trade Unions (ICFTU), of which SAK is a member, may also be affected by these developments. It appears likely that the affiliation will be switched to the new organization once it is established, and the ICFTU chairman has already been approached by various Social Democratic leaders in regard to this problem.

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PART III

PATTERNS AND PERSPECTIVES

CHINESE COMMUNIST INTEREST IN AFRICA

Communist China, which has pledged support for all national independence movements, has directed particular attention toward Africa in this year of emerging African states. In seeking influence there, it encounters formidable competition not only from Nationalist China, which so far has been more successful than Peiping in gaining recognition from the new states, but also from the UAR, which has ambitions of its own for hegemony over Africa. Peiping also finds itself in disagreement with Moscow over how best to exploit the situation in Africa. Despite their limited advances to date, the Chinese Communists feel they have paved the way for increasing their influence on the continent as leftist African forces gain ascendancy.

Propaganda

In broadcasts and other propaganda to Africa, Communist China depicts itself as a fellow victim of past foreign exploitation, implying that its progress since "liberation" is a model for other new states. The Chinese have concentrated on "neo-colonialism" or US economic aid, which they warn is an attempt by the US--"the most vicious enemy"--to supplant the old colonial powers. Timely propaganda and mass rallies are devoted to special themes such as "Quit Africa Day," "Congo Day," and "Portuguese Africa Day."

Peiping's effort involves an ambitious and expanding program of broadcasts to Africa in English, French, Portuguese, and Arabic. In addition, Cantonese-language broadcasts are

directed toward Chinese minorities, which number about 6,000 in South Africa, 5,000 in the Malagasy Republic, and 16,000 on Mauritius.

Peiping is also trying to enlist African talent, and may be contemplating broadcasts in African tongues. Three Zanzibar residents were recently brought to China to train as broadcasters..

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Peiping frequently finances such trips and then prompts its African guests to make anti-US remarks which it can quote in its propaganda. The Chinese have offered scholarships to students from Guinea, Ghana, Cameroun, and the Somali Republic.

Large quantities of Chinese Communist publications are reportedly available in Zanzibar bookshops, and increasing numbers have been appearing in Senegal and Guinea. Peiping has also moved to expand the activities of its New China News Agency (NCNA) in Africa. NCNA offices have been set up in Morocco and Ghana, and one is planned for Guinea. The head of the NCNA office in Paris visited the Congo shortly after it attained independence and said consideration was being given to opening an office there after the situation quiets down.

On the "people's diplomacy" level, a Chinese-African People's Friendship Association was formed in April 1960 to promote cultural contacts with Africa.

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A local friendship association was set up in the Congo in July during the visit of the NCNA Paris representative. Touring dance ensembles and opera troupes from Peiping are used to arouse popular interest in China; an acrobatic troupe, for example, recently concluded a seven-month tour of Sudan, Guinea, Morocco, and Ethiopia. The activities of such groups are not, however, limited to on-stage performances--a Chinese Moslem delegation devoted its recent nine-day visit to the Somali Republic almost entirely to the cultivation of opposition parties.

Afro-Asian Movement

The Afro-Asian movement affords Peiping a potentially valuable vehicle for enhancing its prestige and influence in Africa. The scope for maneuver, however, is often circumscribed by Nasir and other neutralists who are ambitious to extend their own influences in the movement. The Chinese Communist representative on the Permanent Secretariat of the Afro-Asian People's Solidarity Organization in Cairo led a drive in 1959 to discredit the incumbent UAR secretary general, and at the organization meeting in Conakry in April of this year the Chinese delegation made a strong but unsuccessful effort to depose the secretary general and move the secretariat from Cairo.

Communist China sent the largest delegation to the Conakry meeting and made a strong bid to inject its bitter hostility toward the US into the "national liberation struggle." Peiping's heavy-handed approach turned out to be self-defeating, however, and even the bloc-oriented President of Guinea

rebuked those who brought to Africa "their quarrels and differences."

Peiping is also a member of the Afro-Asian Economic Organization, an informal grouping of chambers of commerce. In this organization, as in the Solidarity Organization, Peiping has been only partially successful in projecting its influence. At the second Afro-Asian economic conference in Cairo in April and May 1960, Peiping fought unsuccessfully to get the USSR and the five Central Asian Soviet republics admitted to membership. Here again it clashed with the UAR. After the UAR withdrew its initial support for the proposal, the session became the occasion for angry exchanges between the Chinese and UAR delegates.

Recognition

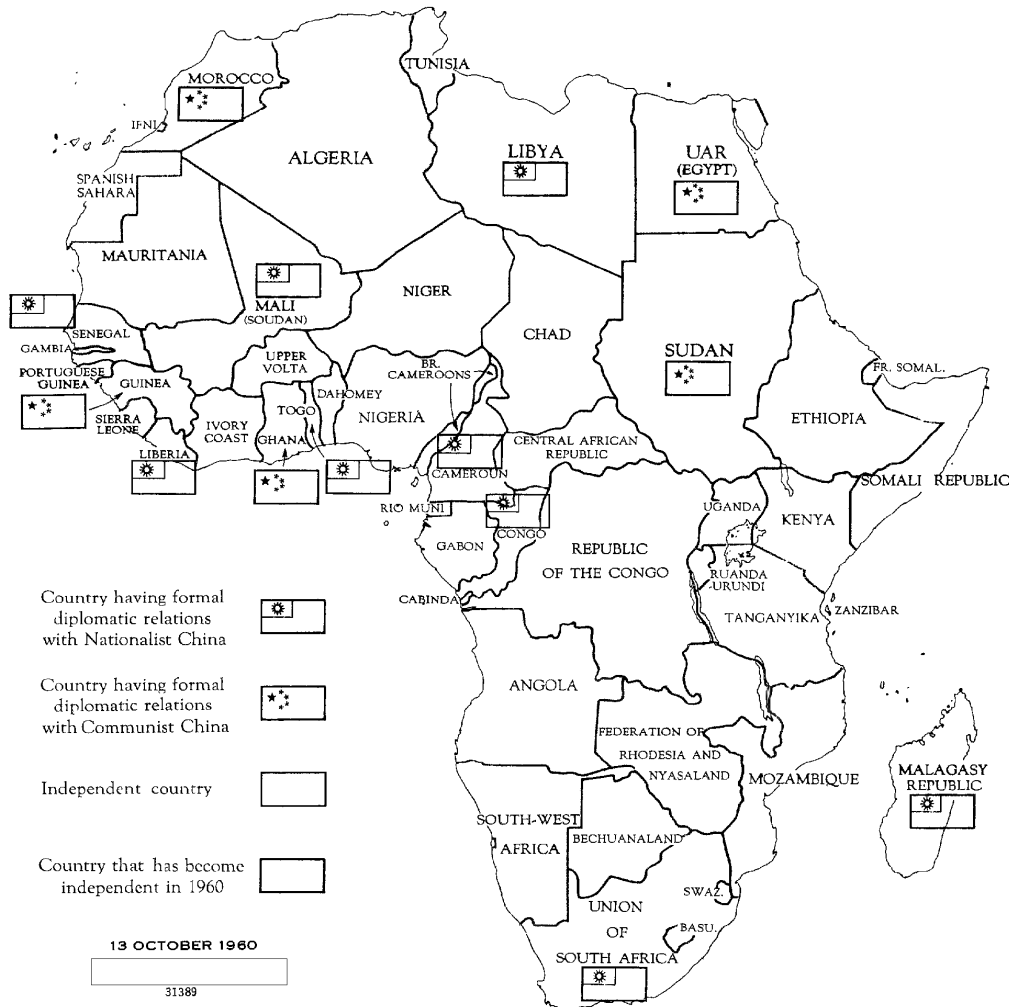
The quest for broader international recognition and the concomitant undercutting of Taipei's international standing are major motivations in Communist China's campaign in Africa. It has been quick to accord recognition to new states, in some cases taking this step before the date of actual independence. However, none of the 16 states which have gained independence this year has recognized Peiping. Togo, Cameroun, Senegal, Mali, the Malagasy Republic, and the Congo Republic (former French), which were recognized by both Communist and Nationalist China, chose Taipei, and the Nationalists stand a good chance of gaining recognition from other former French territories.

However, several of the new states apparently believe they can recognize both Peiping and Taipei. When faced with

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objections to a "two Chinas" policy from both the Communists and the Nationalists, at least some will probably opt for Peiping. Moreover, the present moderate governments of some of the new states may in time be replaced by forces more receptive to Communist overtures. Peiping is probably gratified that three of the new African members (Nigeria, Senegal, and Mali) voted in its favor and the rest abstained on the recent UN General Assembly vote on the moratorium on Chinese Communist membership.

Only five African states have recognized Communist China: Egypt, the first Arab or African state to do so, in May 1956;

Morocco, in October 1958; Sudan, in November 1958, almost three years after Peiping accorded recognition and after strong Chinese Nationalist competition; Guinea, in October 1959, a year after Peiping extended recognition; and Ghana, which claimed to have inherited recognition from Britain when it attained independence in 1957, in July 1960. Agreement was reached with the Algerian rebel government in May 1960 for setting up a diplomatic post in Peiping, which had recognized the rebel regime almost two years before. The Algerian representative and his staff were killed in August in a plane crash en route to the new post, and a replacement has not yet been named.

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Trade and Aid

Chinese Communist trade with Africa has been slight, remaining since 1957 around \$100,000,000 annually--about half of which is with the UAR. The exchange involves Chinese light industrial goods--plus tea to Morocco--for basic commodities such as wool, cotton, fertilizer, and other raw materials.

The importance of this trade for China lies in its potential for promoting Peiping's political position in Africa. Peiping has pushed the establishment of trade offices in nonbloc countries as the first major step toward diplomatic recognition. It signed a trade pact with Morocco in October 1957, hoping it would promote interest in China. After Morocco announced recognition "in principle" in September 1958, the Chinese Communists quickly sent a high-level trade delegation to push for full recognition, which came the next month.

There is a potential for trade expansion, although somewhat limited by distances involved and the inability of China to provide a large quantity of industrial goods. A trade pact signed with Guinea during President Touré's visit last month to Peiping calls for an annual exchange of almost \$10,000,000 in goods--some 10 percent of Guinea's foreign trade. The Chinese will be receptive to opportunities for similar trade agreements with the other new states of Africa.

While the Chinese are in no position to extend aid to Africa on the scale of the Soviet outlay, Peiping is alive to the political gains that can accrue from an assistance program. Guinea--again the target

of Peiping's first major effort--received a \$25,000,000 interest-free credit during Touré's visit. Because of its inability to extend sizable credits to all, Communist China will probably continue with smaller scale, easily implemented projects that have a high utility and therefore a high psychological impact.

Along this line, China before the recent agreements had sent rice agronomists to Guinea. Similarly, Peiping last winter sent tea-growing experts to Morocco. The Chinese pleased their hosts by declaring certain areas there suitable for tea cultivation, after UN investigators had given an unfavorable report. To Sudan, Peiping has offered to give Chinese-made short-wave radiotransmitters, aware of the value underdeveloped countries place on possession of these prestige items.

Reflection of Sino-Soviet Rift

The differences between Peiping and Moscow on the best strategy for exploiting the opportunities in Africa derive in part from their differing assessment of the possibilities for early revolution there and in part from the status, or lack of status, which the two regimes have on the international diplomatic scene. The Chinese believe there is an "unprecedentedly favorable" situation now for revolutions in colonial and semicolonial areas and that Africa is a key area for turning the balance of international forces against the West by militant methods, including revolutionary violence. At the same time, they are not constrained--as is the USSR--by diplomatic negotiations with the West, bilaterally and in the UN.

Chinese discussions of "national liberation" movements thus assume a more aggressive note than

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those of the Soviet Union. While professing adherence to the principle of peaceful co-existence, the Chinese argue that peace can be assured only by the destruction of imperialism, and that "just wars" against imperialism should be encouraged and supported. In the specific case of Algeria, Peiping has been in obvious disagreement with the Soviet Union over such encouragement and support.

In contrast, the Russians feel the situation in most African countries is not ripe for revolutionary action, and they are less willing than Peiping apparently is to accept the risk that such action may rapidly develop into major war. The example of Soviet economic progress and a program of trade, aid, and political support for the governments are major factors in Moscow's plans for raising the prestige of revolutionary movements and promoting the acceptance of Communism in Africa. It recognizes that strong nationalist and anti-imperialist feeling cannot automatically be harnessed in support of a Communist revolution, and for the present it is content to exploit these feelings to undercut the West.

Nevertheless, when the USSR sees a "national liberation movement", such as that in the Congo, which it believes can immediately be turned to its advantage, it rushes in with strong propaganda and diplomatic support and material aid.

As Pravda put it on 26 August, the national bourgeoisie must assume the initial leadership in the liberation struggle. It scored "doctrinaires" who "sniff" at this form of national liberation movement--as exemplified by present governments in India, Indonesia, the UAR, and Iraq--just because

they are of a democratic and not a socialistic character. The typical Chinese rejoinder evidences Peiping's impatience with Moscow's gradualist strategy. People's Daily on 30 August expressed dismay at the comrades who applauded liberation movements led by the bourgeoisie while disregarding the "anti-imperialist struggles of the masses of revolutionary people."

The disagreement with Moscow apparently turns around the length of time during which cooperation with the national bourgeoisie will be tolerated. The Russians argue that in Africa the struggle for some time to come will be against "medieval remnants" rather than capitalism, and therefore "lengthy cooperation" with the bourgeoisie is necessary. Moscow has indicated a lack of complete satisfaction with nationalist leaderships, but where it feels there is no other choice it is prepared to bide its time; Peiping apparently is not.

Moscow feels that it is necessary first to build up its influence through economic ties, and only later, when Communist parties develop and are stronger, to take control through action of local Communists. Peiping's inability to provide extensive aid may in part account for its more impatient attitude.

The expense-paid trips to China show that the Chinese are not insensible to the need for courting non-Communist African leaders. Peiping, moreover, has never gone to the extent of naming the nationalist leaders it feels are ready for replacement. It continues to insist, however, that Communist countries should give more active support to revolutionary forces not yet represented in today's African governments.

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The Chinese have prompted African visitors to China to say that new African states should all adopt a policy of "self-reliance," bolstered of course by "friendly" foreign aid. A nationalist from South-West Africa, in a broadcast from Peiping in August, made an oblique reference to Sino-Soviet

rivalry in Africa; without specifically mentioning the USSR, he affirmed that Communist China was the most effective world leader against colonialism and that China alone should be regarded as the savior of the Africans.

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JAPANESE ACTIVITIES IN THE RYUKYU ISLANDS

The Japanese Government is moving quickly to carry out limited economic and technical assistance to the Ryukyus within a framework authorized by the US High Commissioner for the islands. This approach, conceived by the Kishi government in 1958, is Tokyo's attempt to resolve the conflict between Japanese and Ryukyuan desires for reversion of the islands to Japan, on the one hand, and American retention of full jurisdiction, on the other.

The Japanese have never really diverted their attention from the Ryukyuan question since a protest vote against US land policies resulted in the election of a pro-Communist mayor of Naha in late 1956. Periodically, issues have arisen which rekindled Japanese demands for greater authority in the Ryukyus. Prominent among these was the proposed revision by the US Civil Administration for the Ryukyus (USCAR) of the Ryukyuan penal code, which the Japanese contend is onerous

and discriminatory. There have been disputes over personal liability claims resulting from the crash of an American jet fighter in mid-1959.

Relatively inactive but potentially dangerous issues include the question of greater self-government for the Ryukyus, symbolized principally by a desire for the popular election of the chief executive; the introduction of nuclear weapons; the acquisition of additional land for missile sites; and controls over labor organizations, especially those including employees of the government and US security forces.

The Japanese and Ryukyuan governments have been seeking the agreement of US officials to a US-Japanese-Ryukyuan council which would constitute a formal mechanism for handling matters of mutual concern. The United States however, has

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agreed, only to ad hoc consultation on cooperation in carrying out individual projects, although the Japanese Government has for some time maintained a small liaison office in Naha, Okinawa.

Educational Program

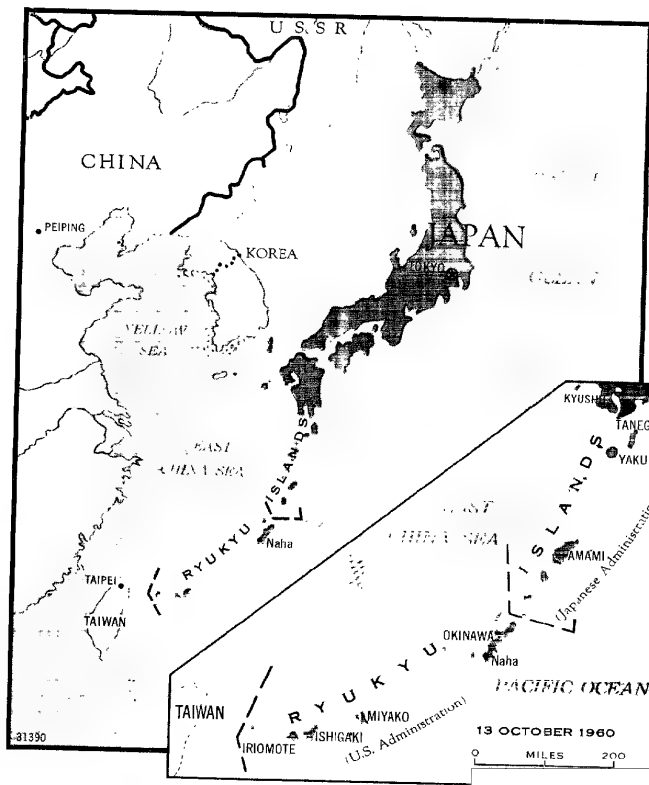
The government of the Ryukyu Islands (GRI), an indigenous apparatus closely supervised by USCAR, wants the broadest possible assistance from Japan. It believes, as does Tokyo, that the Ryukyus must be given a standard of education equal to Japan's and based on the Japanese system. The GRI points out that many of the 6,000 Ryukyuan teachers in elementary and high schools were only partially trained when they were employed at the end of World War II and that they remain below par but cannot be discharged because of tenure rights.

At GRI initiative and following discussions with USCAR officials, the Japanese Government last year began an in-service teacher-training program. Under this program, financed mainly by Japan but partly by the GRI, 24 Japanese consultants selected from among teachers, principals, and the staffs of local boards of education and the Education Ministry were sent to the Ryukyus for six months to give classroom demonstrations and specialized guidance to teachers in elementary and junior high schools. Japan also undertook to train 43 Ryukyuan teachers in Japan for six months.

The GRI contends that the program has been not only highly effective, but extremely popular; there is, in fact, some indication that this and other Japanese programs have lessened Ryukyuan concern that the United States might attempt to annex the islands or otherwise detach them completely from Japan.

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USCAR initially refused to renew the program for 1960 but relented after Tokyo contended that the Diet had already approved the government's budget request for renewal and that



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cancellation would have serious political consequences in Japan. The new program is less ambitious, and Foreign Minister Kosaka has stated that his government will screen out leftist teacher consultants and instruct those approved to avoid political statements and activities.

Kosaka has indicated that Japan does not contemplate a formal educational consultants' program in 1961. Tokyo nevertheless is seeking USCAR approval for a broadened program of educational assistance for the fiscal year beginning next April. The Education Ministry's budget request for this purpose totals \$480,000.

Included in the draft program are scholarships for Ryukyuan students to attend Japanese high schools, universities, and medical and dental schools; an exchange of professors between Japan and the Ryukyu University; a summer program of in-service training for Ryukyuan teachers; a new dormitory near Tokyo especially for Ryukyuan students; and a loan fund for students attending Ryukyuan schools. Additional educational projects will probably be listed in the budget request.

Iriomote Development

A USCAR plan to develop the sparsely settled, heavily forested island of Iriomote, in the southern Ryukyus, to enable large numbers of Okinawans to resettle there brought forth a request by the Kishi government in 1959 to participate in the program. The Japanese were permitted to explore the agricultural and irrigation potential, and USCAR undertook to investigate mineral and fishery

resources, road and power development, and the potential for land reclamation and commercial lumbering. The surveys, to which USCAR contributed \$100,000 and Japan \$12,000, were completed earlier this year.

USCAR's plan to have the GRI sell land in Iriomote to settlers has created friction with Tokyo concerning the disposition of public lands--in Iriomote as well as elsewhere in the Ryukyus--over which the Japanese still claim technical ownership. Tokyo insists that the lands be leased, whereas USCAR contends that by the 1952 US-Japanese peace treaty, Japan relinquish jurisdiction over their disposition. USCAR also points out that funds derived from the sale or lease of public lands are placed in a special account which heretofore has been used only to maintain Japanese-owned buildings and other property in the Ryukyus. The Ikeda government has grudgingly acceded to USCAR's plan but has reserved its final position.

Other Programs

The Japanese Government has drafted programs to provide pensions to Ryukyuan veterans of the World War II Japanese Army or their survivors; to extend relief to Okinawan victims of the war; and to redeem Japan's pre-1945 obligations under the nationwide postal savings and insurance systems. These programs, which ultimately would affect perhaps 400,000 persons--almost half the population of the islands--will serve to alert a broad segment of the Ryukyuan people to Tokyo's more active interest in their affairs.

Some aspects of these plans may not be completely salutary from the Japanese viewpoint.

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For example, based on pre-1945 valuations of the Japanese currency, the postal redemption obligations amount to \$82,000,-000, but they amount to only \$229,000 in terms of present values. Because the US dollar has replaced the Japanese yen as the medium of exchange in the Ryukyus, the settlement presumably would represent a loss of foreign exchange for Japan. Although a final conversion rate is yet to be decided, Tokyo is inclining strongly toward a settlement which would average about one dollar per claim--a move not likely to arouse enthusiasm among the claimants.

Also during 1961, Japan contemplates rehabilitating its leprosarium facilities, at an estimated cost of perhaps \$400,-000, to accommodate up to 1,000 Ryukyuan lepers. Japanese doctors also may be sent to remote Ryukyuan villages at the joint expense of the Japanese and Ryukyuan governments. A model farm and technical aid projects in forestry and fisheries are among other programs under consideration. Total Japanese Government assistance to the Ryukyus in fiscal 1961 is tentatively estimated at \$1,600,000.

Nonofficial Relations

The idea of the islands' eventual reversion to Japan is widely endorsed throughout Japan and the Ryukyus, but it does not appear to be a burning issue at present. Although the Japanese assistance programs for the time being prob-

ably have allayed sentiment in Japan for reversion of the islands, there is some indication that Tokyo's quest of a role in the Ryukyus, however limited, has been greater than is necessary to accomplish this purpose.

The two major Ryukyuan political parties, the conservative Okinawa Liberal-Democratic party and the middle-of-the-road Okinawa Socialist Masses party, have appealed to Japan's Liberal-Democratic party (LDP) and Democratic Socialist party, respectively, for moral and material support in the campaign for the Ryukyuan legislative election in November, but there has been little response. A large factor in the attitude of the Japanese parties is that they themselves are facing general elections in November, but in addition the ruling LDP's new election platform has eliminated the party's previous call for speedy return of Japanese administrative rights in the Ryukyus as well as mention of the US-Japanese-Ryukyuan liaison council.

Japanese leftists, however, appear to be more active on the Ryukyuan scene. The Okinawan People's party reportedly is under the operational guidance and control of the Japanese Communists, who provide it with \$550 to \$600 monthly. On the other hand, when Sohyo, Japan's leftist labor federation, made a systematic attempt last January to establish ties with Okinawan unions, the reaction of Ryukyuan labor leaders, still preoccupied with internal problems, was unenthusiastic.

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arbitration by the King of Spain in 1887 was the one serious attempt at settlement prior to 1942, but the award was deferred for several years and was never implemented because of Ecuador's violent objection to the decision. The territorial division tentatively allowed followed lines similar to the demarcation set forth in the Rio Protocol of 1942, which was highly favorable to Peru's claims.

Various efforts subsequent to 1887 failed to achieve a settlement, and there were sporadic border clashes which in 1941 expanded into a short, undeclared war. Peru, which had superior armed forces, invaded Ecuador and was occupying two of its southern provinces at the time hostilities were suspended later in the year.

At the American foreign ministers' meeting in Rio de Janeiro in January 1942, the "Protocol of Peace, Friendship, and Boundaries" was signed providing for the withdrawal of Peruvian troops from Ecuador and outlining the general boundary demarcation. The United States, Brazil, Argentina, and Chile, which persuaded the warring nations to reach a settlement and were signatories along with the disputants, became the guarantor powers of the treaty, agreeing to assist in implementing its provisions until "a definitive demarcation of frontiers between Ecuador and Peru has been completed."

A mixed boundary commission proceeded to carry out the demarcation, and by 1947 only about 60 miles in two zones remained undelineated: the small and noncritical Lagartococha segment in the extreme northeastern part of Ecuador and the sector between the Santiago and Zamora rivers in the southeast, which still has

a strip of about 50 miles without boundary markers and is the real focus of conflict.

These two areas were subject to arbitral award by the noted Brazilian geographer Braz Diaz de Aguiar--whose decisions have been partly or wholly contested by Ecuador on grounds of subsequently discovered geographical information. The demarcation of the Santiago-Zamora sector, which the Rio Protocol delineated by the watershed, has been complicated by the existence of a second watershed revealed by a US aerial survey in 1946, a discovery on which Ecuador has based its refusal to proceed with the final demarcation.

Issues at Stake

Ecuador's legal position until recently was premised essentially on the inapplicability of the provision governing the Santiago-Zamora sector because of the existence of two watersheds instead of one. Ecuador had not overtly challenged the validity of the treaty, although it frequently asserted that the division of territory was inequitable. Its real motive has been to block final demarcation in order to gain eventual territorial concessions from Peru. It particularly wants direct access to the Amazon River via the Marañon River--which would require at least a broad revision of the protocol.

Ecuador's most convincing argument is that the protocol was signed under duress when two of its provinces were occupied by Peruvian troops--"with a knife at our throats," as Ecuadorean politicians claim--and that it was highly favorable to Peru. Ecuadorean leaders insist that their nation's "soul" is tied to the Amazon, and their claims cannot be renounced.

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Peru's equally inflexible position is essentially that the Rio Protocol is a valid international agreement; that the discovery of the second watershed in the Santiago-Zamora sector does not affect the boundary at all or the undemarcated sector in any material way; that the Diaz de Aguiar awards are binding and must be accepted by both parties; and that the boundary commission should proceed with demarcation of the final disputed sector. Peru believes that Ecuador's position is a legalistic ruse to abrogate or substantially alter the protocol and gain direct access to the Amazon River.

A number of suggestions for overcoming the present impasse have received some consideration by the guarantor powers or by the disputants themselves. These suggestions --which include aerial survey of the Santiago-Zamora zone, arbitration, submission of the issue to the International Court of Justice, and improvement of bilateral relations-- seem, if anything, to have intensified the mutual suspicions of Peru and Ecuador.

Political Considerations

Any cool, rational approach to a settlement seems virtually impossible. The frontier question arouses nationalistic sentiments among all politically articulate groups in both countries. Intermittent border clashes since 1942 have deepened the hatreds in each country, and the press and politicians on both sides have consistently taken a chauvinistic stand on the issue.

The political careers of the two incumbent Presidents are intimately connected with the dispute. Velasco was in exile from Ecuador at the time the protocol was signed, and later overthrew the government which was the signatory. Demagogic by nature and quick to exploit any issue to promote

his personal popularity and mass appeal, he now seems bent on making his niche in history as the renouncer of the Rio Protocol and, ipso facto, Ecuador's modern hero.

Peru's Prado, on the other hand, was serving his first term as President when the war broke out with Ecuador in 1941 and is unlikely to entertain any proposed modification of his country's stand, particularly in view of Peru's superior armed forces and Velasco's informal denunciation of the protocol. Highly incensed by Velasco's position, he recently advised US Chargé Neal that he blames the United States for blocking a joint declaration by the guarantor powers reaffirming the validity of the protocol, and he categorically stated that Peru had no intention of attending the Quito conference under present circumstances.

The Outlook

The sentiment in each country is so explosive on the problem that the granting of even a minor concession by either government to promote a settlement would probably threaten its stability. All guarantor powers have displayed grave concern over the latest Ecuadorean position on the treaty and are attempting to prevent a formal repudiation; some other Latin American countries have also expressed their concern.

With virtually no prospect for any constructive progress on the dispute, the outlook for the OAS conference in Quito is clouded. Latin American Communists, in line with their continuing efforts to undermine the prestige and effectiveness of the OAS, were making plans to disrupt the inter-American conference in 1960, and will probably attempt to surround the meeting in 1961 with an atmosphere of violence by exploiting Ecuadorean nationalist feelings on the boundary dispute.

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